

MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION

10 August 1971

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MEMORANDUM FOR: DR. KISSINGER

FROM: Arnold Wachman off *M*

SUBJECT: Request for Financial Assistance from Argentine President Lanusse

As you know, the President received a message from Argentine President Lanusse for \$500 million to \$1 billion in assistance to support the peso in order to permit him to stem Argentina's deteriorating economic situation and to thereby continue his political policies aimed at returning the government to civilian control. (Hewitt's memo on this is at Tab A.)

State recommended to the President that he tell President Lanusse that it was simply not feasible for us to provide assistance in the magnitude requested but to indicate that we would like to be helpful and would be prepared to participate with the international agencies in a sound economic program if one can be worked out. The President approved this recommendation, and the message was conveyed back

to Lanusse, who indicated he accepted our position.

We now have indications that President Lanusse is trying to use other channels to present slightly modified versions of his request for massive U.S. economic assistance. The Embassy Monday reported an approach by an Argentine inventor to our Defense Attache (cable at Tab B), and Tuesday the Argentine Naval Attache contacted Admiral Zumwalt on behalf of the Argentine CNO.

I continue to believe that the answer we have conveyed to Lanusse is the only feasible one. The question is how to communicate this in the most gracious and cooperative manner.

The best way to communicate our position is to send a personal representative of the President to see Lanusse to discuss the problem and to reiterate our offer to

DOS, DIA, NSS reviews completed.

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be as helpful as we can consistent with our capabilities, but to steer Lanusse clearly toward the international agencies. The difficult question to decide is who we should send.

I understand that State is thinking of recommending someone like David Kennedy or Nat Samuels. However, a high-level Treasury official might be more appropriate in view of Treasury's familiarity with the workings of the international financial agencies. Bob Hormats and I will explore this with Treasury and State and staff this issue for you shortly. In the meantime, I want to flag this problem in the event it is raised with you.

Concurrence: R. Hormats *RH*

Attachments:

Tab A -- Hewitt memo of 2 Aug (31067X)
w/HAK note of 7 Aug

Tab B -- Buenos Aires 3990 dtd 9 Aug 71

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